

Prerequisites and meeting time

Ideally, students should have taken one or more courses in psychology, economics, and/or statistics. The course meets MW 12:30-1:50 PM in WB 105 on the Jupiter campus.

Instructor

Dr. Kevin Lanning (lanning@fau.edu). Office is WB 220; hours are M 2-4 and Tues 12-4 & by appointment.

Dr. Kanybek Nur-tegin (knurtegi@fau.edu). Office is HA 123; hours are MW 11-12 pm & 3:30-4:30 pm and by appointment.

Texts

Angner, E. (2012). *A course in behavioral economics*. Palgrave. (required)

Hastie, R. & Dawes, R. M. (2010). *Rational choice in an uncertain world, 2nd Ed.* Thousand Oaks: Sage (required)

Baron, J. (2008). *Thinking and deciding (4th ed.)*. NY: Cambridge UP. (recommended; 3rd Ed ok)

Thaler, R. (2015). *Misbehaving: The Making of Behavioral Economics*. W.W. Norton & Company. (recommended)

In addition, a number of research articles will be assigned and available on MyFAU, and students will be expected to read part or all of one or more trade paperbacks as described in the next section.

Grading & assignments

Grades in this class will be based on exams (20% midterm, 30% final), a term paper and presentation (30%), and class participation (20%). Attendance is a necessary but not sufficient component of class participation; informed questions, comments, and contributions to class discussion are needed as well.

The term paper will be a review of part or all of a recent popular book in behavioral economics and related disciplines. These include *Nudge: Improving Decisions About Health, Wealth, and Happiness* (Thaler & Sunstein), *Thinking Fast and Slow* (Kahneman), *Scarcity: Why Having Too Little Means So Much* (Mullainathan & Shafir), and *Predictably Irrational: The Hidden Forces That Shape Our Decisions* (Ariely). The presentations will be done in groups, with each of ~7 students contributing one key idea from the book in five to ten minutes. Specifics on the structure of the exams and term paper/project will be given at a later date.

Other

In order to enhance and maintain a productive atmosphere for education, personal communication devices, such as cell phones, are to be disabled in class sessions. Laptops and tablets should be used only for appropriate purposes.

POLICY ON ACCOMMODATIONS: In compliance with the Americans with Disabilities Act (ADA), students who require reasonable accommodations to properly execute coursework must register with Student Accessibility

Services (SAS) -- in Boca Raton, SU 131(561-297-3880); in Davie, LA 131 (954-236-1222); in Jupiter and all Northern Campuses, SR 111F (561-799-8585) – and follow all SAS procedures.

Students at Florida Atlantic University are expected to maintain the highest ethical standards. Academic dishonesty is considered a serious breach of these ethical standards, because it interferes with the university mission to provide a high quality education in which no student enjoys an unfair advantage over any other. Academic dishonesty is also destructive of the university community, which is grounded in a system of mutual trust and places high value on personal integrity and individual responsibility. Harsh penalties are associated with academic dishonesty. In enrolling in this course, students agree to abide by the Honor Code of the College, whose full text may be found at http://www.fau.edu/divdept/honcol/academics_honor_code.htm, and by the FAU Code of Academic Integrity, whose full text can be found at http://www.fau.edu/regulations/chapter4/4.001_Code_of_Academic_Integrity.pdf.

All dates are subject to change. It is probable that we'll tinker with specific assignments as we go along.

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Mtg	Date	Topic	Required reading	Additional references
Part I: Introduction				
1	8/17	Decision pretest; Introduction and methods		(Nisbett, 1987; Thaler 1)
2	8/19	Thinking, deciding, and understanding	Hastie 1.1 - 1.4	Baron 1
3	8/24	Descriptive, normative, and prescriptive approaches	Angner 1	Baron 2
4	8/26	Decisions and expected utility	Hastie 2.1 - 2.4 Angner 6	
5	8/31	Expected utility and rationality	Hastie 1.5-1.6 Angner 3.1-3.2	Baron 3
6	9/2	Sunk costs	Hastie 2.5-2.6 Angner 3.3	Baron 12 (Arkes, 1999) (Boettcher 2009)

Part II: Two types of reasoning				
7	9/9	Deductive logic	Angner 2.1-2.4	Baron 4

8	9/14	Deduction vs. induction	(Rips, 2001) (Osherson, 1998)	
9	9/16	Probability	Hastie Appendix Angner 4.1-4.4	Baron 5
10	9/21	Probability continued / Bayes Theorem	Hastie 8 Angner 4.5-4.7	

Part III: Heuristics and biases

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11	9/23	Anchoring and adjustment	Hastie 4	
12	9/28	Availability and representativeness	Hastie 5 Angner 5 (Tversky, 1974)	Baron 6
13	9/30	Scenario based reasoning, conjunction effect, probability matching and hindsight	Hastie 6 Angner 5 (continued)	
14	10/5	Randomness, causation, regression to the mean, & illusory correlation	Hastie 7 (Gilovich, 1985) (Redelmeier, 1996)	Baron 8
15	10/7	Exam		

Part IV: Behavioral economics

16	10/12	Analytical Game Theory	Angner 10	
17	10/14	Analytical Game Theory (continued)	Angner 10	
18	10/19	Behavioral Game Theory	Angner 11	
19	10/21	Behavioral Game Theory (continued)	Angner 11	

Part V: Applications

20	10/26	Cooperation and competition	(Dawes, 1988)	Baron 18 (Hardin, 1968) (Hardin, 1988)
21	10/28	The ultimatum game	(Thaler, 1988) (Camerer 1995) (Osumi, 2010)	Baron 17
22	11/2	Additional variants of the ultimatum game	(continued)	
23	11/4	Evaluating choices Happiness, value	Hastie 9	
24	11/9	Prospect theory, framing effects	Angner 7 Hastie 12 (Kahneman, 1991)	Thaler 2-4 Baron 11 (Kahneman,

				2003)
25	11/16	Temporal aspects (discounting, affective forecasting)	(Loewenstein, 1989)	Angner 8 and 9 Baron 19 (Morewedge, 2005)
26	11/18	Student presentations I		
27	11/23	Student presentations II (
28	11/25	Student presentations III (Public policy, Finance)		
29	11/30	Choice strategies, review	Hastie 10, 14	Baron 9
30	12/4	Final exam 10:30 am – 1:00 pm		